

# Higher Education Gets Down to Business

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**A GROWING ARRAY OF PARTNERSHIPS  
BETWEEN CAMPUSES AND CORPORATIONS  
BRING MUTUAL BENEFITS ... AND RISKS**

When leaders in education, business and government met last fall at the New England Board of Higher Education's "Building Human Capital" conference in Newport, R.I., Anthony Carnevale of the Educational Testing Service, reminded them: "No one intended that higher education's fundamental purpose would be to make foot soldiers for American business—especially not in this region where higher education was set up to educate teachers and preachers." But the noted economist also warned them that America could soon find itself short 15 million college-educated workers and that "higher education will feel extraordinary pressure to align its offerings with the demands of employers."

Already, colleges and universities across New England are teaming up with business to prepare students for real-world jobs as both foot soldiers and critically thinking generals. They are also entering into agreements with business to commercialize faculty research and contracting out their strategic expertise. Businesses, in turn, are providing scholarships and internships, funding university research programs (to the tune of more than \$170 million annually in New England) and giving their execs time off to teach on campus.

In Vermont, dozens of college students gain real-world experience in customer service at a

Putnam Investments facility on the campus of Champlain College. Rensselaer at Hartford provides customized, degree programs to employees of MassMutual Financial Group at their workplace. The Legal Seafoods restaurant chain and Marriott Corp. have a hand in curriculum planning at Johnson & Wales University. Merck & Co., the pharmaceutical firm, is building state-of-the-art research labs on the campus of Emmanuel College. Babson College MBA students earn academic credit while they provide consulting expertise to start-up businesses.

Though business and higher education can seem like foreign cultures, a new wave of ambassadors move between the two. Take the recent appointment of former Fidelity Investments fund manager Scott Stewart to head up the master's program in investment management at Boston University, where he previously served as an executive-in-residence. Or consider Boston College marketing professor Bert Mendelsohn's work with pizzeria owner Joe Crugnale. Mendelsohn helped Crugnale with the nuts and bolts of small business operations and had his students conduct market research for the pizzeria. Today, Bertucci's restaurants is a \$103 million business.

"Businesses work with higher education because they want a presence on campus and they want students to think of their organization, so it becomes mutually beneficial," says Ann Perry, director of career services at the National Association of Colleges and Employers.

For public institutions that depend on state funds, there are added incentives to working in partnership with business. For one, state legislators want public campuses to have visible impacts on state economic





development, particularly in the areas of workforce training and applied research. Secondly, campus leaders hope that financial support from business can help soften the blow of cuts in their state funding (without giving states an excuse to cut further).

Connecticut's Tunxis Community College flaunts its economic development potential with this pitch to business: "One. Talk to us. Tell us what you want to accomplish. We'll listen to your concerns, then help you set priorities and explore training options. Two. We'll design a training program precisely tailored to your needs, your people and your business goals. Three. Your employees will receive customized, quality training at a time and place most convenient for you. And we handle all the administrative details—so you can take care of business."

Meanwhile, against the backdrop of state budget cuts, the University of Massachusetts generated nearly \$15 million in technology licenses and royalties in fiscal 2002. One recent deal allowing Texas-based Re-Engineered Composite Systems to market a UMass-Lowell engineering professor's technology that transforms old tires into high-tech materials, could bring UMass \$20 million in royalties over the next 10 years.

All told, corporations contributed several billion dollars to U.S. colleges and universities in fiscal 2001 or 18 percent of all private support of higher education, according to the RAND Corp.'s Council for Aid to Education.

In many instances, companies fund scholarships to ensure a supply of graduates in related lines of business. Swingline, the home and office accessories producer, provides \$3,000 grants to industrial design majors at the Rhode Island School of Design. The New England Gas Co. provides \$2,000 scholarships to environmental management students. Microsoft offers full-tuition scholarships to encourage students to pursue technical degrees and software careers.

In other cases, companies fund new campus buildings—and expect their names to grace them.

Sometimes, the strings are attached more ominously. A University of Wisconsin sponsorship agreement with Reebok requires that "the University will not issue any statement that disparages Reebok" and that it will take steps to address any such remarks made by university staff. The University of Kentucky's \$25 million deal with Nike is terminated if the "university disparages the Nike brand." The Kent State student council routinely denies Amnesty International funding because the nonprofit criticizes one of Kent State's sponsors, Coca-Cola.

Critics are also sounding the warning about corporations using non-disclosure agreements to take ownership of university scientific research that once would have fallen into the public domain. Gary Ruskin, executive director of Portland, Ore.-based Commercial Alert, worries that educational institutions could "become factories for commercial products."

What is fair involvement for businesses? "Only philanthropy," says Ruskin, "when corporations give money to schools with no strings attached and all they receive is a heartfelt letter of thanks. There's been a drift from philanthropy into marketing."

Meaningful codes of ethics to guide business-higher-education partnerships are hard to find. But Ruskin is happy to improvise: limit corporate seats on college boards of trustees, limit naming rights on buildings, give faculty rights to their inventions, limit conflicts of interest, ban college presidents from serving on corporate boards, limit ad space in college media ... and, of course, keep sight of mission. "The mission of education must stand," concludes Ruskin. "It must be a dominant value in any university-corporate activity."

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